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Gina Harrison  
Senior Counsel and Director

Washington Office

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OCT 07 1999

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

October 07, 1999

Ms. Magalie Roman Salas, Secretary  
Federal Communications Commission  
The Portals  
445 Twelfth Street, S.W.  
Washington, D.C. 20554

Re: Ex Parte Notice, CC Docket No. 80-286,  
In the Matter Of Jurisdictional Separations  
Reform and Referral to the Federal-State Joint  
Board.

Dear Ms. Salas:

Please find attached a copy of a letter delivered to Mr. Lawrence E. Strickling, Chief of the Common Carrier Bureau. In accordance with Commission Rules, I am submitting two copies of this notice in the docket identified above. Kindly stamp the additional return copy provided. Please direct any questions regarding this filing to me.

Sincerely,

*Gina Harrison (LDM)*  
Gina Harrison  
Attachment

No. of Copies rec'd 0+2  
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100 South Jefferson Road  
Whippany, NJ 07981

Richard A. Askoff  
Deputy General Counsel

October 5, 1999

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OCT 05 1999

FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON, D.C.

Voice: 973-884-8350  
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Mr. Lawrence E. Strickling  
Chief, Common Carrier Bureau  
Federal Communications Commission  
445 12<sup>th</sup> Street, S.W.  
Washington, D.C. 20554

Dear Mr. Strickling:

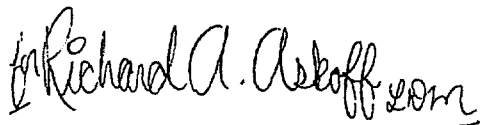
New information has come to light which adds urgency to the recent request of the state members of the Joint Board on Separations for an en banc meeting to deal with Internet related issues. Since filing a letter in support of the state member's request, NECA has completed a comprehensive survey of rural local telephone companies to determine the extent of Internet traffic. The results detailed below make a compelling case for an interim separations freeze as soon as possible. NECA asks the Commission to adopt an interim separations freeze quickly based on the record before the Commission.

NECA projects, based on results of a recent data request to its member companies, that approximately 18% of 1998 local/intrastate dial equipment minutes represent Internet traffic. Treating this jurisdictionally interstate traffic as intrastate for separations purposes produces a \$170 million misallocation of costs to the state jurisdiction for NECA pool members. Local ratepayers are unlikely to accept rate increases to recover these costs which are related to interstate traffic.

Further, the tremendous growth of Internet traffic can create network congestion that impairs service levels to subscribers absent significant investments in network facilities. Rural local exchange carriers, however, are caught in regulatory uncertainty surrounding the cost recovery for Internet traffic. Continuation of the status quo places carriers in the untenable position of having to make investments with unknown cost recovery.

Pending ultimate resolution of the difficult rate and cost recovery issues surrounding Internet traffic, it is essential that the proposed en banc meeting be convened quickly and an interim separations freeze, based on a representative historical period, be put into effect immediately.

Very truly yours,

Richard A. Askoff

The Honorable William Kennard, Chairman  
Federal Communications Commission  
445 12<sup>th</sup> Street, S.W.  
Room 8B-201  
Washington, D.C. 20554

The Honorable Susan Ness, Commissioner  
Federal Communications Commission  
445 12<sup>th</sup> Street  
Washington, D.C. 20554

The Honorable Michael Powell,  
Commissioner  
Federal Communications Commission  
445 12<sup>th</sup> Street, S.W.  
Room 8B-201  
Washington, D.C. 20554

The Honorable David W. Rolka,  
Commissioner  
Pennsylvania Public Utility Commission  
North and Commonwealth Streets  
P. O. Box 3265  
Harrisburg, PA 17105-3265

The Honorable Joan H. Smith,  
Commissioner  
Oregon Public Utility Commission  
550 East Capitol Street, NE, Suite 215  
Salem, OR 97310-2551

The Honorable Thomas L. Welch, Chairperson  
Maine Public Utilities Commission  
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Augusta, ME 04333-0018

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